

Message Text

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72

ACTION AEC-11

INFO OCT-01 EUR-25 IO-14 ISO-00 SS-20 SPC-03 PM-07 EB-11

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 2660

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

C O N F I D E N T I A L ROME 0435

E.O. 11652: GDS

TAGS: TECH TGEN ETRD ENRG

SUBJECT: ENEL ORDERS OF URANIUM ENRICHMENT SERVICES

REF: A. STATE 1075; B. ROME 13737 (NOTAL)

SUMMARY

OF TWO CONTRACTS FOR ENRICHMENT SERVICES WHICH ENEL HAD ORIGINALLY PLANNED TO SIGN WITH AEC, ONE HAS NOW BEEN GIVEN TO SOVIET UNION; THIS CONTRACT WILL BE FOR INITIAL FULL LOAD ONLY. ENEL STRONGLY SUPPORTS U.S.-EUROPEAN COOPERATION IN CONSTRUCTION OF URANIUM ENRICHMENT FACILITY AND HAS CONVINCED CNEN TO SUPPORT THIS POSITION IN EURODIF. A GERMAN UTILITY WILL JOIN OPEN.
END SUMMARY.

1. IN MEETING BETWEEN SENIOR ENEL OFFICIAL (ELECTRIC ENERGY AGENCY), SCIATT AND EMBOFFS, ENEL OFFICIAL TOLD US ENEL HAS MADE
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DECISION ON FUEL LOADS FOR TWO 1000 MW NUCLEAR POWER STATIONS;

ENEL HAD REQUESTED AEC TO POSTPONE DEC. 31 DEADLINE IN REGARD TO CONTRACTS FOR URANIUM ENRICHMENT SERVICES FOR THESE TWO POWER STATIONS (REFTEL A). ENEL HAS DECIDED TO CONTRACT WITH AEC TO SUPPLY ONE OF THESE POWER STATIONS, WHILE ENRICHMENT SERVICES FOR OTHER POWER STATION WILL BE PURCHASED FROM SOVIET UNION. CONTRACT WITH SOVIETS WILL BE FOR INITIAL FUEL LOAD ONLY. ENEL REP. CITED MORE FLEXIBLE SOVIET TERMS AS ONE REASON FOR ENEL DECISION; HE ALSO MENTIONED AEC ATTITUDE TOWARD REQUEST FOR THREE MONTH EXTENSION OF DEC. DEADLINE AS HAVING IMPACT ON THIS DECISION.

2. AS REPORTED IN ITALIAN PRESS ON DEC. 11, ENEL PLACED ORDER FOR TWO NUCLEAR POWER STATIONS, ONE WITH ELETTRONUCLEARE ITALIANA UNDER WESTINGHOUSE LICENSE AND OTHER WITH ANSALDO NUCLEARE UNDER GE LICENSE (REFTEL B). ENEL HAD TAKEN OPTION TO ORDER ANOTHER TWO POWER STATIONS, ONE FROM EACH OF COMPANIES. OF THESE FOUR PLANTS ORDERED BY ENEL IN 1973, THREE OF THEM WILL BE SUPPLIED BY SOVIET ENRICHMENT SERVICES AND THE FOURTH BY AEC.

3. ENEL PLANS TO ORDER ANOTHER TWO NUCLEAR POWER STATIONS IN 1974, AND BY 1980 WILL HAVE ORDERED 15 NUCLEAR POWER STATIONS. THIS PRESENTS A SIGNIFICANT COMMERCIAL OPPORTUNITY FOR US IN FIELD OF NUCLEAR REACTORS. ENEL REP CONSIDERS US HAS BIG ADVANTAGE IN THIS FIELD SINCE IT HAS THE ONLY PROVEN NUCLEAR REACTOR TECHNOLOGY.

4. ENEL IS STRONG ADVOCATE OF EUROPEAN-AMERICAN COOPERATION ON AN ENRICHMENT FACILITY, AND HAS PUSHED CNEN (NUCLEAR ENERGY AGENCY) HARD ON THIS POINT. ENEL REP SAID THAT AT LAST EURODIF MEETING CNEN HAD SUPPORTED EXPLORING COLLABORATION WITH AEC. IN HIS OPINION, WITHOUT US COOPERATION WITH EURODIF, US RISKS LOSING SUBSTANTIAL PART OF EUROPEAN MARKET FOR URANIUM ENRICHMENT SERVICES. HE ALSO MENTIONED SIGNIFICANT PRESSURES ON ENEL TO IRDER ENRICHMENT SERVICES FROM EURODIF SINCE ITALIANS CONTRIBUTING SUBSTANTIAL SUM FOR CONSTRUCTION OF EURODIF ENRICHMENT FACILITY. HE FORESEES SIMILAR PRESSURES IN OTHER COUNTRIES WHICH ARE MEMBERS OF EURODIF.

5. BADENWERK, A GERMAN UTILITY, HAS DECIDED TO JOIN OPEN
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(ORGANIZATION OF NUCLEAR ENERGY PRODUCERS). ENEL OFFICIAL EXPECTS THAT AT JAN 14 OPEN MEETING IN PARIS OPEN WILL HAVE LETTER CONTAINING EURODIF RESPONSE TO ITS REQUEST FOR INITIATION OF DISCUSSIONS BETWEEN AEC AND EURODIF ON COOPERATION IN CONST- RUCTION OF URANIUM ENRICHMENT FACILITY. VOLPE

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